San Diego Data Processing Corporation

San Diego Data Processing Corporation
Executive Summary
FY 2005 Budget

- Budgeted Surplus is ZERO
  - Provided Rates "roll back" resulting in over **$10M savings** to City of San Diego.

- Revenue
  - Total Revenue = Operating Revenue + Procured Services (Pass-thru) Revenue.

  - Total Revenue – $60.3M – Reduced $8.9M or 13% below FY04 Budget.
    - Total Revenue has declined $25.5M or 30% from FY 02 to FY 05.

  - Operating Revenue – $45.6M – Reduced $10.4M or 19% below FY04 Budget.
    - Operating Revenue has declined $12.8M or 22% from FY 02 to FY 05.

- Expenses
  - Total Expenses = Operating Expenses + Procured Services (Pass-thru) Expenses.

  - Total Expenses – $60.3M - **Reduced $7.1M or 11% below FY04 Budget.**
    - Total Expenses have been reduced $25.0M or 29% over three years.

  - Operating Expenses – $45.6M - **Reduced $8.6 M or 16% below FY04 Budget**.
    - Operating Expenses have been reduced $12.3M or 21% over three years.

San Diego Data Processing Corporation
Executive Summary
FY2005 Budget - Key Indicators

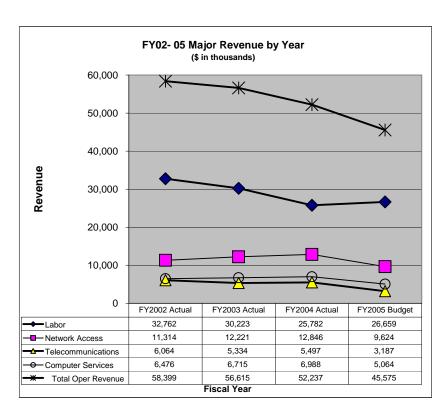|	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Budget
Average Headcount				
DPC	396	377	319	279
External	36	16	13	7
Total	**432**	**393**	**332**	**286**
Operating Revenue	$ 58.4	$ 56.6	$ 52.2	$ 45.6
Total Revenue	**85.8**	**79.0**	**68.9**	**60.3**
Operating Expense	57.9	56.1	50.4	45.6
Total Expense	**85.3**	**78.5**	**67.1**	**60.3**
Surplus	0.5	0.5	1.8	-
Capital	$ 7.9	$ 3.3	$ 4.4	$ 3.6

San Diego Data Processing Corporation
Executive Summary
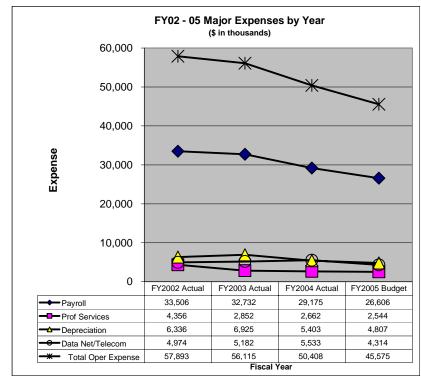### FY 2005 Budget Overview

- Revenue:
  - Based on City Department Budgets - adjusted for rate reductions.
  - Representation from City that :
    - SDDPC's business lines would remain unchanged for FY05.
    - City Departments expected to spend to the FY05 budgeted levels – particularly for labor.

- Expenses:
  - Staffing level - 279 or 59 positions lower than FY04 budget.
  - Chief Executive Officer - replaced.
  - Chief Technology Officer - not replaced.
  - Merit increase - 2% or $217K.
  - Business Meetings and Events Expense - reduced $119K or 89% from FY04 Budget.
  - Memberships and Dues - reduced $36K or 95% from FY04 Budget.
  - New Technology Evaluation deferred - $200K reduction from FY 04 Budget.
  - Calle Fortunada Property - subleased by Dec 04.

- Capital and Depreciation:
  - Capital Budget - $3.6M.
    - $5.8M lower than FY04 Budget.
      - NIU Project, Suite E Renovation, and IBM Mainframe upgrade - completed in FY04.

  - Depreciation - $4.8M
    - $1.1M lower than FY 04 Budget.

San Diego Data Processing Corporation
Executive Summary
FY02 – 05 Revenue and Expense – Summary Comparison

FY02- 05 Major Revenue by Year
($ in thousands)

	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Budget
Labor	32,762	30,223	25,782	26,659
Network Access	11,314	12,221	12,846	9,624
Telecommunications	6,064	5,334	5,497	3,187
Computer Services	6,476	6,715	6,988	5,064
Total Oper Revenue	58,399	56,615	52,237	45,575

Fiscal Year

FY02 - 05 Major Expenses by Year
($ in thousands)

	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Budget
Payroll	33,506	32,732	29,175	26,606
Prof Services	4,356	2,852	2,662	2,544
Depreciation	6,336	6,925	5,403	4,807
Data Net/Telecom	4,974	5,182	5,533	4,314
Total Oper Expense	57,893	56,115	50,408	45,575

Fiscal Year

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San Diego Data Processing Corporation
Executive Summary
FY2005 Budget
Statement of Revenue and Expenses

(Dollars in Thousands)

	FY04 Budget	FY04 Actual	FY04 Act - FY04 Budget Incr/(Decr)	% Chg	FY05 Budget	FY05 Bud - FY04 Budget Incr/(Decr)	% Chg	FY05 Bud - FY04 Act Incr/(Decr)	% Chg
Revenues:									
Labor	$ 29,383	$ 25,782	$ (3,601)	-12%	$ 26,659	$ (2,724)	-9%	$ 877	3%
Network Access	13,485	12,846	(639)	-5%	9,624	(3,861)	-29%	(3,222)	-25%
Telecommunications	5,651	5,497	(154)	-3%	3,187	(2,464)	-44%	(2,310)	-42%
Data Center	6,603	6,988	385	6%	5,064	(1,539)	-23%	(1,924)	-28%
Procured Services Fees	852	1,080	228	27%	1,029	177	21%	(51)	-5%
Interest/Other	12	44	32	267%	12	-	0%	(32)	-73%
Operating Revenue	**55,987**	**52,237**	**(3,749)**	**-7%**	**45,575**	**(10,413)**	**-19%**	**(6,662)**	**-13%**
Procured Services	13,195	16,702	3,507	27%	14,694	1,500	11%	(2,008)	-12%
Total Revenue	**69,182**	**68,939**	**(242)**	**0%**	**60,269**	**(8,913)**	**-13%**	**(8,670)**	**-13%**
Expenses:									
Payroll	31,856	29,175	(2,681)	-8%	26,606	(5,250)	-16%	(2,569)	-9%
Professional Services	2,706	2,662	(44)	-2%	2,544	(162)	-6%	(118)	-4%
Equipment	2,084	1,813	(271)	-13%	2,158	74	4%	345	19%
Software	2,907	2,838	(69)	-2%	3,005	98	3%	167	6%
Depreciation	5,913	5,403	(510)	-9%	4,807	(1,106)	-19%	(596)	-11%
Interest	100	12	(88)	-88%	35	(65)	-65%	23	192%
Facility Expense	2,159	2,282	123	6%	1,430	(729)	-34%	(852)	-37%
Supplies	155	91	(64)	-41%	89	(66)	-43%	(2)	-2%
Data Network/Telecomm	5,011	5,533	522	10%	4,314	(697)	-14%	(1,219)	-22%
Other	1,299	599	(700)	-54%	586	(712)	-55%	(13)	-2%
Operating Expenses	**54,189**	**50,408**	**(3,782)**	**-7%**	**45,575**	**(8,615)**	**-16%**	**(4,833)**	**-10%**
Cost of Procured Services	13,195	16,702	3,507	27%	14,694	1,500	11%	(2,008)	-12%
Total Expenses	**67,385**	**67,110**	**(275)**	**0%**	**60,269**	**(7,116)**	**-11%**	**(6,842)**	**-10%**
Net Surplus (Deficit)	**$ 1,797**	**$ 1,829**	**$ 32**	**2%**	**$ 0**	**$ (1,797)**	**-100%**	**$ (1,829)**	**-100%**

San Diego Data Processing Corporation
Executive Summary
FY 2005 Budget - Challenges and Opportunities

- **CHALLENGES**
  - Volume Reductions by City Departments
    - Network Connections
    - Voice Connections
    - Computer Usage
  - Reduced City Department demand for Labor services
  - Impact of City Manager's Report

- **OPPORTUNITIES**
  - Lower Worker's Compensation Premiums
  - Negotiate further savings on maintenance contracts
  - Accelerate sublease of Calle Fortunada
  - Unfunded technology needs
  - Savings from Operational Efficiencies

San Diego Data Processing Corporation

	FY 2003 Actual	FY 2004 Budget	FY 2005 Budget	FY 2004-2005 Change
Positions	377	338	279	(59)
Personnel Expense	$ 32,732,000	$ 31,856,000	$ 26,606,000	$ (5,250,000)
Non Personnel Expense	$ 45,799,000	$ 35,529,000	$ 33,663,000	$ (1,866,000)
TOTAL	$ 78,531,000	$ 67,385,000	$ 60,269,000	$ (7,116,000)

San Diego Data Processing Corp
Significant Budget Adjustments
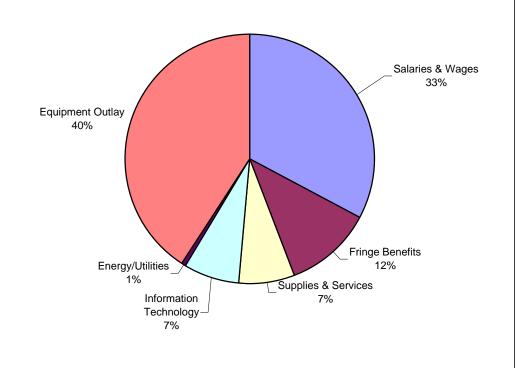
Description	Positions	Expense
Salaries and Benefits:	(59)	($5,250,000)

The decrease of $5,250,000 is comprised of $3,843,000 in lower salaries and $1,407,000 in lower benefits expense primarily due to a reduction of 59 positions between Fiscal Year 2004 and Fiscal Year 2005.

Depreciation Expense:	0	($1,106,000)

The decrease of $1,106,000 is primarily due to prior year capital investments becoming fully depreciated and the deferral of planned current year capital purchases.

Procured Services Expense:	0	$1,500,000

The increase of $1,500,000 is primarily due to the higher volume of client purchases of IT goods and services.

Data Network and Telecommunications Expense:	0	($697,000)

The decrease of $697,000 is primarily due to savings from the new contract for Wide Area Network Services.

Facilities Expense:	0	($729,000)

The decrease of $729,000 is primarily due to savings associated with the consolidation of facilities - from three to one primary location.

Other Expenses:	0	($712,000)

The decrease of $712,000 is comprised primarily of reduced business meetings and events, lowered membership dues, decreased payroll processing fees and bank charges, lowered mileage and parking expenses, decreased advertising and reduced subscriptions and publications expenses.

San Diego Data Processing Corporation

	FY 2003 ACTUAL		FY 2004 BUDGET		FY 2005 FINAL
PERSONNEL					
Salaries & Wages	$	25,049,000	$	23,515,000	$ **19,672,000**
Fringe Benefits	$	7,683,000	$	8,341,000	$ **6,934,000**
SUBTOTAL PERSONNEL	$	32,732,000	$	31,856,000	$ **26,606,000**
NON-PERSONNEL					
Supplies & Services	$	5,741,000	$	5,933,000	$ **4,367,000**
Information Technology	$	5,182,000	$	5,011,000	$ **4,314,000**
Energy/Utilities	$	456,000	$	486,000	$ **318,000**
Equipment Outlay	$	34,420,000	$	24,099,000	$ **24,664,000**
SUBTOTAL NON-PERSONNEL	$	45,799,000	$	35,529,000	$ **33,663,000**
TOTAL	$	78,531,000	$	67,385,000	$ **60,269,000**

FY 05 SAN DIEGO DATA PROCESSING CORPORATION BUDGET BY CATEGORY

Salaries & Wages 33%

Equipment Outlay 40%

Fringe Benefits 12%

Supplies & Services 7%

Information Technology 7%

Energy/Utilities 1%

HEADCOUNT BY POSITION TITLE FY04 BUDGET VS FY05 BUDGET

Position Title	FY04 Positions	FY05 Positions	FY05 Salary
Accounting/Billing	5	3	155,984
Acctg/Fin Manager	2	2	146,655
Admin Asst.	7	5	211,084
Asst. Prog. Analyst	0	3	131,600
Buyer	4	4	247,007
Client Relations Manager	10	-	-
Client Relations Rep.	2	-	-
Computer Operator	10	9	325,841
Data Entry Operator	2	2	51,680
Database Admin.	12	9	763,860
Desktop Support Analyst	23	19	904,738
Executive Staff	10	6	904,175
Facilities/Maintenance	4	3	141,630
Financial Analyst	3	3	184,772
GIS Technician	2	-	-
Help Desk Specialist	5	5	217,955
Human Resources	5	4	233,382
Info Security	2	2	108,374
Manager, Resource	15	15	1,512,975
Net. Engineer	9	8	706,399
Net. Support Engineer	2	2	141,344
Net. Svcs. Tech	7	7	394,599
Net. Sys. Analyst	9	9	475,755
Network Administrator	33	27	1,696,072
Principal Analyst	38	36	3,016,134
Prod Control	7	6	264,263
Prog. Analyst	48	35	2,454,067
Program Manager	0	2	189,508
Project Manager	20	13	1,078,283
Sr. Technical Specialist	6	6	631,804
Super, Operations	4	4	234,540
Super, Serv. Del.	3	-	-
Super., Technical Services	2	4	298,727
Systems Prog.	17	17	1,446,436
Tech. Support Analyst	10	9	401,865
	338	279	19,671,510